

1 **Adopt 2 Cal. Code Regs. Section 18404.1 to read:**

2 **18404.1. Termination of Committees.**

3 (a) **Pre-2001 Committees.** Any candidate controlled committee organized for elective
4 state office for an election held prior to January 1, 2001, must be terminated as set forth in 2 Cal.
5 Code Regs. section 18404 and as follows:

6 (1) For those candidates holding an elected state office as of the effective date of
7 this regulation:

8 **{Decision 1, Option a (Redesignation Not Permitted)}** (A) [Candidate
9 controlled committees that have no debts must be terminated no later than **{Decision 2}**[9/12
10 months] after the earliest of the date the candidate leaves office or the end of the term of office.

11 (B) Candidate controlled committees that have debts must be terminated
12 no later than **{Decision 3}**[12/18/24 months] after the earliest of the date the candidate leaves
13 office or the end of the term of office.]

14 **{Decision 1, Option b (Redesignation Permitted)}** (A) [Candidate
15 controlled committees that have no debts must be terminated no later than **{Decision 2}**[9/12
16 months] after the earliest of the date the candidate leaves office or the end of the term of office,
17 unless the committee is redesignated for a future election to the same office pursuant to
18 subdivision (b) of 2 Cal. Code Regs. section 18521. Upon redesignation, the committee shall be
19 subject to subdivision (b) of this regulation.

20 (B) Candidate controlled committees that have debts must be terminated
21 no later than **{Decision 3}**[12/18/24 months] after the earliest of the date the candidate leaves
22 office or the end of the term of office, unless the committee is redesignated for a future election
23 to the same office pursuant to subdivision (b) of 2 Cal. Code Regs. section 18521. Upon
24 redesignation, the committee shall be subject to subdivision (b) of this regulation.]

1 **(b) 2001 and Post-2001 Committees.** Candidate controlled committees organized
2 **{Decision 4}**[or redesignated] for elective state office for an election held on or after January 1,
3 2001, must be terminated as set forth in 2 Cal. Code Regs. section 18404 and as follows:

4 (1) Candidate controlled committees with no net debts outstanding, as defined in
5 2. Cal. Code Regs. section 18531.6, must be terminated no later than {Decision 2}[9/12 months]
6 after the earliest of the date the candidate leaves office or the end of the term of office for the
7 successful candidate, or {Decision 2}[9/12 months] after the general election or special runoff
8 election for the unsuccessful candidate.

9 (2) Candidate controlled committees with net debts outstanding, as defined by 2
10 Cal. Code Regs. section 18531.6, must be terminated no later than {Decision 3}[12/18/24
11 months] after the earliest of the date the candidate leaves office or the end of the term of office
12 for the successful candidate, or {Decision 3}[12/18/24 months] after the general election or
13 special runoff election for the unsuccessful candidate.

14 (3) All time periods under subdivision (b) of this regulation shall be calculated
15 beginning from the effective date of this regulation.

16 (c) On or before termination of the candidate controlled committee, the campaign bank
17 account associated with that committee must be closed. No further activity, including receipt of
18 contributions or making of payments, is allowed after the date of the termination of the
19 committee. Contributions received after the termination of the committee must be returned to
20 the contributor.

21 (d) Candidates who are elected to an elective state office must terminate any controlled
22 committees that were formed for any local elections that were held concurrent with or prior to
23 the elections in which they were elected to their elective state office. Such termination shall be

1 pursuant to 2 Cal. Code Regs. section 18404 and shall be within **{Decision 3}**[12/18/24 months]
2 of the candidate's election to state office.

3 **{Decision 5}**(e) No less than 60 days prior to filing its Statement of Organization (Form
4 410) with the Secretary of State, declaring its termination, the committee shall give notice of its
5 impending termination to all creditors to whom it owes outstanding debts. Such notice shall
6 include the date upon which the committee expects to file its Statement of Organization with the
7 Secretary of State.

8 (f) A committee subject to subdivisions (a), (b) or (d) of this regulation may submit a
9 request to the Executive Director of the Fair Political Practices Commission for an extension of
10 up to six month's duration in which to comply with the requirements of this section. Such a
11 request shall be submitted to the Executive Director no later than 30 days prior to the original
12 due date for the committee's termination. Once an extension has been granted, any funds raised
13 by the committee must be used to pay off the existing debt or to pay for fundraising costs.
14 Requests to renew the extension for additional periods of up to six months must be submitted to
15 the Executive Director no later than 30 days prior to the expiration of the prior exemption.

16 The Executive Director's decision regarding the granting or denial of the exemption
17 **{Decision 5}**[shall be final/may be appealed to the Chairman within 10 days of receipt of the
18 denial]. In denying or granting the request for exemption, the Executive Director shall consider
19 the following:

20 (1) Whether the committee:

21 (A) Is continuing to receive contributions toward its outstanding debts;

22 (B) Anticipates receiving contributions in the future toward its

23 outstanding debts; and

1 (C) Currently has the ability to discharge all of its debts, loans received
2 and other obligations;

3 (2) The existence of third-party debts and the extent to which payment
4 arrangements with one or more third-party creditors have been made and entered into in writing,
5 and the extent to which the candidate demonstrates how the committee will meet the agreed-
6 upon payment schedule;

7 (3) Whether the committee is a party to litigation or anticipates the filing of
8 litigation with a third-party creditor regarding debts arising out of goods or services provided to
9 the candidate or the candidate's controlled committee; or

10 (4) Other good cause shown.

11 (g) This section does not apply to local candidate controlled committees, except as
12 provided in subdivision (d) of this regulation.

13 NOTE: Authority cited: Section 83112, Government Code.

14 Reference: Section 84214, Government Code.